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S-5941
CIA/OER/S-05941-74

15 February 1974

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MEMORANDUM FOR: Major R.J. Esposito
Command and Staff College
Education Center, MCDEC
Quantico, Virginia 22134

SUBJECT : Data on Jordanian Economy

1. Attached per your request, is information on Jordanian GNP, foreign financial assistance, oil exploration and other unclassified economic data.

2. Concerning your interest in other potential mineral deposits, recent U.S. Geological Survey estimates place copper deposits at about 150 million tons and drilling is now going on to determine the size and quality of additional deposits. At least one U.S. firm has expressed interest in these deposits, located in the Finan-Khirbet el Nohas area, south of the Dead Sea.

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Chief,
Near East/Africa Branch
Developing Nations Division
Office of Economic Research

Attachment:
As stated above

Distribution: (S-Project 5941)

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Arab Countries: GNP and GNP/Capita, 1965-1980

	GNP in Billions of US \$															
	GNP/capita in US \$															
	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Qatar																
GNP	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.5	1.6	1.8	2.0	2.3	2.5	2.8	3.1
GNP/capita	1,530	1,860	2,010	2,130	2,250	2,380	3,370	3,950	5,790	17,280	18,240	19,350	22,000	23,360	24,850	26,190
Oman																
GNP	n.a.	n.a.	0.1	0.2	0.2	0.3	0.3	0.4	0.5	0.9	1.1	1.3	1.6	1.6	2.2	2.4
GNP/capita	n.a.	n.a.	200	300	360	300	480	520	640	1,240	1,380	1,630	1,960	2,110	2,500	2,700
Bahrain																
GNP	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4
GNP/capita	540	540	560	580	600	610	630	640	690	1,180	1,230	1,270	1,330	1,360	1,440	1,500
Lebanon																
GNP	1.4	1.6	1.5	1.7	1.9	2.0	2.2	2.3	2.5	2.6	2.8	2.9	3.1	3.3	3.5	3.7
GNP/capita	650	650	590	670	700	730	800	790	800	830	850	870	900	920	940	970
Jordan																
GNP	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.9	1.0	1.1	1.2	1.2	1.3	1.4
GNP/capita	290	290	320	290	330	310	310	320	340	350	370	390	410	420	440	470
Syria																
GNP	1.6	1.6	1.6	1.8	2.1	2.1	2.4	2.8	2.9	3.0	3.2	3.5	3.9	4.3	4.7	5.2
GNP/capita	300	290	290	310	350	350	370	420	420	420	440	460	490	520	560	590

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1973 Financial Assistance From Abroad

1. Budget Support

a.	Saudi Arabia	-	\$42 million
b.	U.S.	-	\$45 million
c.	Kuwait	-	\$30 million
d.	Other	-	\$ 1 million

2. Military Aid

a.	U.S.	-	\$40 million
b.	Other Arab States	-	\$43 million

3. Development Aid

Approximately - \$30 million

(Principal sources: U.S., Britain,
West Germany, IBRD)

JORDAN

Sketch Vol. II, no. 4

July 13, 1973

Fresh Bids, But Oil Still Elusive

Reports from Amman have indicated that several oil companies with international reputation were seeking concessions to prospect for oil in Jordan. Some of those unnamed companies already have conducted feasibility studies, revised records and assessed available knowhow in the kingdom. The next step is to sign concession agreements with some of those companies, in the not too distant future, according to the reports. Jordan recently canceled a short-lived exploration concession granted to the Canadian company Desco, largely on account of financing conditions.

Jordan has a history of largely ill-conceived and relatively haphazard oil exploration whose lack of success has made many officials, Jordanian and foreigners, inside and outside the country, skeptical of the possibility of finding petroleum in commercial quantities. Although a number of companies and private enterprises have been linked with Jordan oil searches, review of their operations shows how little actual exploration has been done to date.

In 1947 the Iraq Petroleum Company, through a wholly-owned sub-

sidary the Trans-Jordanian Petroleum Company, was given a concession covering all East Jordan for a period of 75 years. In 1954 the government annulled the concession on the grounds that the company had not carried out any serious explorations.

An American entrepreneur, Edwin W. Pauley, was awarded a concession for a period of 50 years in 1956. From the whole of Jordan, Pauley had to select an area not exceeding one third of the country after a period of eight months. Pauley instituted a scattered geological and geophysical

exploration after which he drilled three exploratory wells. Pauley assigned first 50 percent then all his concession to Phillips Petroleum, who drilled a further three wells. These explorations took place on both banks of the River Jordan. Although oil and gas shows were encountered no commercial deposits were discovered, and the concession was abandoned in 1960.

No Despair. Parallel with this exploration another concession was granted to a private U.S. citizen of Palestinian extraction, George Zimiri.

Cont.



Hussein: an oil future?
Cont.

In 1957, Zimiri was granted the two thirds of Jordan that Pauley discarded with the similar provision that after eight months he should reduce the concession area to not more than one third of the total area of the country. He conducted limited geological studies but the concession was annulled in 1959.

In 1962 there were some prelimi-

nary negotiations with the West German oil company, Elwerath, but in 1964 a concession for all Jordan for a period of 40 years was given to another American entrepreneur, John W. Mecom, whose only obligation was to drill 20,000 feet a year. Mecom stopped drilling in 1965, the concession was terminated in 1966 and Jordan's Natural Resources Authority (NRA) has a court case pending, suing Mecom.

In March 1968, Jordan granted a concession to the Yugoslav company, INA, of Zagreb in the form of a joint venture with NRA. This was INA's first venture into foreign oil exploration and the concession period was short with fairly rigid conditions being stipulated. INA was to finance exploration, spending at least 3,500,000 dollars on exploration, or alternatively drilling wells totalling 11,000 meters in depth, during the first three and a half years. In fact the company spent about 7 million dollars but was unable to find oil in commercial quantities.

A limited exploration budget coup-

led with their lack of success in relatively small concession of 16,000 sq. kilometers in Wadi Sirhan forced the comparatively small company to relinquish their concession at the end of 1971.

The Jordanians consider INA to have been a sincere concessionaire. The company carried out systematic preparatory work with geological and geophysical surveys in their concession. They also went far beyond the minimum limits for exploration laid down in the agreement.

Jordan used the experience with INA in negotiating the last agreement with Desco. Although the undertaking with the Canadian company covered a much larger area, the basic principles which proved so successful with the Yugoslavs were identical. The concession was a joint venture with NRA, there were strict minimum expenditure requirements in the four phase exploration period and provision was made for the formation of a joint company should oil be found in commercial quantities.

Desco employed Jack Schaffer, the

consulting petroleum engineer of Dallas Texas, to do a feasibility study of Jordanian oil prospects. In Amman Dr. Schaffer met a key figure, Issam Khairi, the deputy director general of NRA and a graduate of engineering and geological science and business administration of Harvard University.

According to Khairi there are four reasons to indicate the possibility of oil in Jordan :

1. Geological structures in Jordan are largely identical with those of Israel and the Gulf of Sinai where petroleum is already being exploited.
2. There are a number of geological basins with structures which are favorable to commercial oil deposits.
3. There are a number of large outcrops of bituminous rocks and oil

shales in North, Central and West Jordan.

4. There are oil seepages on both sides of the Jordan Rift Valley and the Dead Sea. There are asphalt springs near the Lisan Peninsula on the east bank of the Dead Sea.

After traveling over most of Jordan examining surface geology and studying all available information on the geology and geophysics of Jordan last December, Schaffer recommended Desco to go ahead with their investment in the country.

After their series of unfortunate experiences with Western companies the Jordanian Government is believed to hold a more optimistic view of Eastern bloc cooperation. The Natural Resources Authority are believed to have already received a number of tentative offers from East and West for the concession to drill for oil.

JORDANBasic DataArea and population

Area	37,500 square miles
Population (estimate 1972)	2.4 million
Annual rate of population increase	3 per cent

IMF data

Currency	Jordan dinar (JD)
Par value	JD 1 = SDR 2.57895
Date of IMF membership	August 1952
Status	Article XIV
Quota	SDR 23 million
SDR allocations	7.5 million as of July 11, 1973
SDR holdings	7.5 million as of July 11, 1973
Fund holdings of Jordan dinars (July 11, 1973)	107 per cent of quota

Origin of GDP at factor cost and current prices (JD 149.6 million in 1966)

(per cent)

Agriculture	18.5
Industry	11.6
Commerce and transportation	28.9
Construction	6.2
Government services	14.7
Other services	20.1

Annual percentage change in selected economic indicators

	1968	1969	1970	1971	1972
Cost of living (Amman index)	---	7.8	6.8	4.2	8.2
Government receipts	3.8	7.5	-7.7	0.0	39.2
Government expenditure	23.0	9.3	-9.0	6.0	15.8
Money and quasi-money	15.6	9.2	8.6	4.7	8.4
Credit to the private sector	3.7	13.0	---	3.0	6.7
Merchandise exports (f.o.b.)	26.5	3.5	-17.6	-6.5	37.6
Merchandise imports (c.i.f.)	4.4	17.8	-2.9	16.2	14.8

1968 1969 1970 1971 1972

(In millions of Jordan dinars)

Government finance

Receipts	66.6	71.6	66.1	65.8	85.7
Domestic	(26.4)	(33.2)	(30.7)	(35.8)	(37.9)
External	(40.2)	(38.4)	(35.4)	(30.0)	(47.8)
Expenditure	79.9	87.3	79.4	84.2	97.5
Recurring	(60.5)	(71.9)	(66.0)	(71.2)	(77.8)
Development	(19.4)	(15.4)	(13.4)	(13.0)	(19.7)
Surplus or deficit (-)	-13.3	-15.7	-13.3	-18.4	-11.8

Money and credit (end of year)

Money and quasi-money	106.7	118.8	129.0	135.1	146.5
Money	(88.0)	(96.2)	(105.4)	(108.0)	(115.1)
Quasi-money	(20.8)	(22.6)	(23.6)	(27.1)	(31.4)
Credit to the private sector	38.3	43.5	43.6	44.9	47.9
Claims on Government (net - denotes excess of deposits over credits)	-28.8	-10.2	2.0	18.3	16.2

(In millions of SDRs)

Balance of payments					
Merchandise exports (f.o.b.)	40.0	41.4	34.1	31.9	43.9
Merchandise imports (c.i.f.)	-160.4	-189.0	-183.5	-213.3	-244.8
Net services	-3.9	-30.2	17.6	15.4	18.5
Balance on goods and services	-124.3	-177.8	-131.8	-166.0	-182.4
Net transfer payments	152.6	132.7	113.7	102.5	176.2
Net nonmonetary capital	14.0	14.8	0.6	19.0	20.1
SDR allocation	--	--	2.7	2.5	2.3
Net errors and omissions	1.1	-0.2	10.6	8.9	1.3
Surplus or deficit (-)	43.4	-30.5	-4.2	-33.1	17.5

International reserve position:

(end of year)

Central Bank (gross)	284.5	262.7	255.9	233.8	249.7
Commercial banks (gross)	17.6	13.4	17.1	6.0	8.8